

Supplemental Information for Requisitions \$50,000 and Over

Please see attached instructions.

Updated 05/14/03

1. Is the entire requisition for maintenance? ☐ Yes ☐ No

STOP if you answered Yes to the question above.

2. Please describe in layman's terms exactly what is being purchased and its intended use.

3. Is this requisition for item(s) purchased on a recurring annual basis? ☐ Yes ☐ No

4. Is this requisition for:

	Line Item #		Line Item #
<input type="checkbox"/> New Hardware	_____	<input type="checkbox"/> New Software	_____
<input type="checkbox"/> Hardware Upgrade	_____	<input type="checkbox"/> Software Upgrade	_____
<input type="checkbox"/> Leased Hardware	_____	<input type="checkbox"/> Leased Software	_____
<input type="checkbox"/> Services	_____	<input type="checkbox"/> Other	_____

5. If this requisition consists of a lease, does asset ownership transfer to the agency at the end of the lease? ☐ Yes ☐ No

6. Does this requisition replace another asset? ☐ Yes ☐ No

IMPORTANT: If yes, has a disposal form for the old asset been completed?

☐ Yes ☐ No Barcode #: _____ Date Completed: _____

7. Does this requisition extend the life of an existing asset? ☐ Yes ☐ No

If yes, by how long will this extend the life of the original asset? _____ # Years

If no, what is the expected useful life of the item purchased? _____ # Years

8. Is this requisition part of a partial order? ☐ Yes ☐ No

If yes, please list related requisition #'s: _____

9. Does this requisition consist of multiple items? ☐ Yes ☐ No

If yes, do the individual items operate independently or as a system?

☐ Independently ☐ System

If operating independently, does any one item cost \$50,000 or more? ☐ Yes ☐ No

If operating independently, is this a bulk purchase where the individual items cost \$5,000 or more?

☐ Yes ☐ No

Name: _____ Phone Ext: _____ Date: _____ Req #: _____

Instructions for Preparing the Supplemental Information Request Form

Please contact your accountant if you have questions.

1. Does the entire requisition consist of maintenance only? If yes, the remaining questions do not need to be answered. If no, is maintenance included with other items in individual line items? Annotate as needed.
2. Due to the highly technical nature of much of the equipment and software purchased by most agencies requisitions must also be written in a highly technical nature to ensure that agency is getting exactly what is needed/requested. After reviewing requisitions and the accompanying Justification & Other Notes, many requisitions can still be difficult to interpret due to this necessity of technicality. By providing an 'untechnical' explanation, the Accounting Services Division will get a more accurate picture of the intent of particular requisitions and be able to more readily determine the designation of asset or expense. If more room is needed, feel free to attach additional sheets. Also, please feel free to write in comments next to any question that you feel would help to clarify that particular question or any pertinent information that may be needed for proper determination.
3. Does the agency purchase the same item/service on a recurring annual basis?
4. What is being purchased on this requisition?
5. If a lease involved, will ownership transfer to the agency at the end of the lease?
6. Does the purchase replace an existing asset? What asset does it replace? It is very **IMPORTANT** that a disposal form be completed for the old asset.
7. Does the purchase extend the useful life of an existing asset? Please note how many years the existing asset's life will be extended. If the purchase does not relate to an existing asset, please note the useful life of the new item.
8. Are there any requisitions that relate to this one? Please note them.
9. Does the requisition include multiple items? Do they operate independently or as a system? An example is a security system that contains cameras, monitors, and computer equipment that can operate independently, but was purchased with the intention of being used as a security system.

Interpreting the Supplemental Information Request Form

The interpretations found below are meant to be used as a **guide and may not hold true** in every situation. Experience has shown that there is a certain amount of gray area between capitalization and expense. Situations falling in this gray area will have to be reviewed more closely. If you have questions, please contact your accountant in the Accounts and Reports Branch for a determination.

Capitalization Criteria and Thresholds

- \$50,000 minimum individual item purchase or system purchase
- \$500,000 minimum bulk purchase with individual items costing \$5,000 minimum
- Estimated useful life of 2 years minimum
- Must not be a recurring purchase on an annual basis
- Must be a new asset or significant improvement or enhancement to an existing asset, not merely maintenance, repair or restoration to original condition of old asset.
- For a lease to be capitalized, ownership must transfer to the agency at the end of the lease

Miscellaneous Guidelines

If question # 1 is marked yes, then the requisition should be expensed.

If question # 3 is marked yes, then the requisition should be expensed.

If Question # 5 is marked yes, then the lease should be capitalized.

Question # 7 is critical in determining if the purchased asset has a life expectancy of greater than 2 years or if it extends the life of an existing asset. Enhancements and life extensions would generally be capitalized.

Question # 8 is used to determine if there are other requisitions that relate to the asset and would therefore add to the capitalized cost of the asset.

Question # 9 helps answer the individual item or system versus bulk purchase question. If there are multiple items functioning together as a system costing \$50,000 or more, then the requisition should be capitalized. For example, if there is a security system comprised of a camera, a monitor, and computer equipment, these items could all work independently as a camera, etc. If the camera costs \$20,000, the monitor costs \$20,000, and the computer costs \$20,000, none of these items would individually be capitalized. However, if they were purchased as a security system, the total cost of the security system would be capitalized for \$60,000. If the total purchase had been \$40,000, it would not be capitalized since it wouldn't meet the minimum purchase threshold.

If there are multiple items functioning independently with one of the items costing \$50,000 or more, then only the item costing \$50,000 or more should be capitalized. For example, if there is a request totaling \$75,000 that consists of \$20,000 worth of PC's and \$55,000 for a printer and all items on the request function independently, then the PC's should be expensed and the printer should be capitalized.

Interpreting the Supplemental Information Request Form

If there are multiple items purchased in bulk which operate independently and cost \$5,000 or more each, then the requisition should be capitalized if it totals \$500,000 or more. An example of this is PC's that are normally purchased in large quantities. If the requisition totals \$500,000 or more and each PC costs \$5,000 or more, then the requisition should be capitalized. However, as is often the case, the total will exceed \$500,000 with individual items being less than \$5,000. In this case, the requisition should be expensed.